



STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

May 31, 2005

Mr. John Fisher, Director
National External Audit Review Center
U.S. Department of Health and Human Services
Lucas Place
323 West 8th Street, Room 514
Kansas City, MO 64105

Dear Mr. Fisher:

We are pleased to submit the eighteenth single audit and related reporting package for the state of Washington, covering the Fiscal Year ended June 30, 2004.

This audit and related report package complies with the state's audit requirements, including those placed upon the state as a condition of its spending over \$ 10.1 billion in federal awards. The audit meets the requirements of the Revised Code of Washington (RCW) 43.09.310 and Title 31, Chapter 75, United States Code, as amended by the Single Audit Act Amendments of 1996, and Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, issued by the U.S. Office of Management and Budget.

This document contains the following reports and schedules:

- Independent Auditor's Report on Basic Financial Statements
- The state's Basic Financial Statements with Related Notes
- Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with Circular A-133
- Schedule of Findings and Questioned Costs
- Schedule of Expenditures of Federal Awards with Related Notes (includes Supplemental Information)
- 2004 Corrective Action Plan
- Summary Schedule of Prior Audit Findings for Years Prior to Fiscal Year 2004

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Submission of this Federal Single Audit was delayed by the number and nature of the findings included in the audit. Language in the findings and agency responses, particularly in the Department of Social and Health Services, suggests there was considerable disagreement between agency personnel and audit staff performing the audit. The Office of Financial Management (OFM) has met with the management of the State Auditor's Office (SAO) and the management of involved state agencies to establish protocols that hopefully will improve the auditor/auditee relationship in the future. A sixty-day extension was requested and granted by your office for the federal filing of this audit. A copy of the extension approval letter is included in the Appendix (page J-7).

The state's Basic Financial Statements are reproduced in this report, but the complete Comprehensive Annual Financial Report is available online at: <http://www.ofm.wa.gov/cafr/2004/cafr04toc.htm>.

OFM expresses its appreciation to the SAO, the U.S. Department of Health and Human Services, and the other state and federal agencies for their assistance in resolving single audit issues. OFM is pleased to deliver the 2004 Audit and related reporting package and looks forward to 2005.

Respectfully submitted,



Victor A. Moore
Director

cc: The Honorable Christine Gregoire, Governor
Honorable Members of the Washington State Legislature